

September 27, 2004

Department of Water Resources
Division of Planning and Local Assistance
Attn: Tracie Billington
P.O. Box 942836
Sacramento, CA 94236-0001

Re: Integrated Regional Water Management Grant Program Guidelines
For Proposition 50, Chapter 8

Dear Ms. Billington:

The Santa Ana Watershed Project Authority (SAWPA) is pleased to have participated in your public meetings on implementing the Integrated Regional Water Management Grants Program. We appreciate the opportunity to provide comments, suggestions, and recommendations to the draft guidelines in order to help your agencies in the implementation of the Integrated Water Management Grant Program.

In general, SAWPA wants to extend its congratulations and thanks to the team from DWR and SWRCB on producing an excellent draft for a new program. This program takes a new direction to achieve the efficiencies and fulfill the opportunities of a true integrated program that will require philosophical, cultural, and fiscal changes at the State and local levels. Our experience with the successful Southern California Integrated Watershed Program tells us that it is worth the effort and the changes. Keep up the fine work.

One area that is somewhat confusing and could use clarification throughout the document is nomenclature. We would propose the following:

- “Plan” should always refer to the IWMP plan
- “Proposal” should refer to the submission to the State for Implementation Funding
- “Program” should refer to the collection of projects in the proposal
- “Project” should refer to the individual efforts included in the proposal

This is important because the word “project” is usually used to signify one discrete set of actions that result in a specific outcome. “Program” is a collection of those sets that achieve broader goals of, in this case, the “Proposal”. Clarity throughout the document will help people use standard terms for their submissions and minimize confusion among stakeholders.

Also, applicants providing a proposal should present a collection of integrated projects for program funding that achieve specified program goals and metrics. This is an important distinction because the most efficient means of achieving the goals and metrics should be encouraged, not just present a random list of projects that roughly fall into a category.

Local Match

Section II C, page 5 - Minimum Local Match Requirements: Further clarification of what, if any, limits exist on the local match would be helpful in the guidelines. According to feedback from State staff, local funding including staff time for preparation of the IRWM project application can be considered as a portion of local funding share. Costs of CEQA preparation also could be considered a local share. Volunteer labor at prevailing wage rates in accordance with AB 2690 was also suggested as adequate. A clear definition of when an applicant can begin considering local staff time for the local share would assist applicants. What documentation requirements on local share should be required? We recommend that strategies similar to State Grant Program 319(h) and 205(j) be implemented with a statement of the local share authorized by the project applicant. Further, for clarity, since federal funds and other non-State funds can be used as a local match, it may be best to define this as a “funding match” as opposed to “local” match.

Table C-2 Local Match, page 31: We recommend that the local match requirement be applied to the total project costs for all projects in the proposal under Step 1 as opposed to individual projects costs making up the proposal. It is likely under an integrated plan that some types of projects may have a higher percentage of local match than others but those projects with a low percentage local match may be key to implementing the integrated plan approach. For example, removal projects of non-native high water consumption plants such as *Arundo donax* may have less local funding available compared to water supply projects, but inclusion of such projects are key to a truly integrated regional approach and would support the statewide priorities of environmental justice concerns. We recommend that the local match scoring be applied only to the total of all projects in the proposal in Step 1. The local “funding” match evaluation criteria for Step 2 could be eliminated.

Disadvantaged Communities

Section II C., page 5: We suggest that a link be provided to a State web location that shows the disadvantaged communities in the State to assist the project applicant. If this cannot be prepared, it would be helpful to have links to sites wherein an applicant can find out information on the average median household income for a city, town or county in the State, as well as the statewide annual median household income. This could be included in the Appendix D Definitions or Appendix E Useful Web Links.

Eligible Grant Recipients

Section III A., page 7: This section raises many questions about competing eligible grant recipients within a single region. For example, if a very large public agency overlaps another regional public agency, how will the state evaluators determine which agency should receive funding from Prop 50? If one agency has a high scoring IRWMP while another overlapping regional agency also has a high scoring IRWMP, does one necessarily disqualify eligibility of receiving grant funds? Will the State instead execute agreements with several regional agencies/groups according to scoring so that all regions receive some funding? According to the paragraph in the guidelines, “Grant agreements will be executed with only one grant recipient for the region.” We recommend that the focus of selection of grant recipients be on integration of as many multi-purpose components as possible. We recommend language in Section III A that emphasizes that selection of implementation grant recipients under Step 1, be based on the highest scoring of submittals that best meet the evaluation criteria; despite the fact that not all eligible grant recipients will necessarily receive funding from the first funding cycle. This language also should be emphasized on page 23 in describing the evaluation criteria. By including this language, greater incentive will be offered to local agencies to take the initiative in partnering under a regional agency in order to obtain support for multi-use projects in their area.

Adoption

Section II. G. Implementation Grant Solicitation, page 7: The adoption process under Bullet 1 appears to be less clear than the adoption requirements defined on page 15 or in the Appendix D Definitions "Adopted IRWM Plan." The adoption process on page 7 indicates that the plan must be adopted by all participants. We recommend that the sentence on the adoption process be clarified to indicate that the governing board of the regional agency needs to adopt the plan and not necessarily all plan participants. If no governing board represents the group with decision making authority, the boards or authorized officers of the group should adopt the plan. For integrated planning documents, the number of agencies who may participate in the IRWM planning can be in the 100+ range. Requiring a Memorandum of Understanding or Agreement among so many agencies would be impractical. We support the minimum standard of participation by at least three agencies, two of which must have statutory authority over water.

General Program Requirements

Section IV. I, page 10: Please indicate the basis in law for a Waiver of Litigation Rights and help applicants understand how this might occur.

Project Selection Process

Section V. C, page 11: Returning post-deadline materials is burdensome to the State. We recommend you notify applicants by email or post card that materials did not make the deadline.

Section V. H, page 12: Proposal program evaluation should focus on feasibility and performance achievements rather than individual project reviews at this point in the selection.

Section V. I, page 12: We recommend that you provide funding for grants in advance, work off an advance that would be roughly equal to the average monthly invoice. This will take considerable pressure off the payable side of the house and will allow adequate cash flow to keep agencies from incurring debt for the payments. The payments can simply be adequate to replenish the advance and anything above it needed for payments. Protections can be put into place that require the advance to be repaid in total on five days notice if problems are encountered at any time. This will lead to good behavior and close management of the cash-flow by the agency and the State. Many Federal and State programs use this process successfully.

Water Management Elements or Strategies

Appendix A, Bullet 5 & 6, page 15 and Table C-1 Consistency with Minimum IRWM Plan Standards, page 23: Please clarify the difference between water management elements and water management strategies. The fifth bullet on Page 15 and Table C-1 both seem to imply that all water management elements must be included in the IRWM Plan. However, the sixth bullet on Page 15 indicates that a plan that integrates a minimum of two water management strategies is acceptable. We recommend that the guidelines state that more points will be awarded to IRWM Plans and/or implementation proposals that include multiple non-planning water management elements into an integrated plan. By having more non-planning water management elements incorporated into the planning effort, better integration of multiple State objectives can be achieved.

IRWM Plan Standards

Under Appendix A, H. Impacts and Benefits, page 13: A statement is included that requests inclusion of a completed CEQA/NEPA or plan to complete CEQA/NEPA for the IRWM plan. Further, under Section IV. E - CEQA Compliance, page 10, activities funded under Prop 50 must be in compliance with CEQA. The integrated plans defined under this section are quite different than master plans that focus on one type of utility and one implementing agency. Rather, the IRWM plan will integrate the master plans, land use

plans, groundwater management plans, water supply plans, etc. from a multitude of agencies. Requiring the specific actions of CEQA/NEPA for the IRWM Plan would be administratively burdensome and may be unnecessary according to CEQA law. Regional and watershed-wide plans are commonly exempt from CEQA and are not required under other State grant programs such as State Prop 13 Water Bond and 205(j) water quality grant programs. We recommend modifying this section to reflect inclusion of CEQA/NEPA for the IRWM as a local responsibility where the lead agency can determine how the IRWM plan complies with CEQA. With local responsibility, the lead agency will often make a finding that the IRWM is exempt although the individual projects identified will require full CEQA review.

Step Process

The guidelines are unclear in the title of the two separate proposal steps for Implementation in Appendix C. Step 1 is described as IRWM Implementation Grants and Step 2 is described as Implementation Projects. However, in the text on page 27 and page 32, the titles describe Step 2 as an IRWM Implementation Grant instead of "Projects." We recommend that consistent terminology be used.

Appendix C.1

Item E, page 22: We recommend that the proposals show program total in this step and not breakdown the program by project and by element at this stage. A summary would show that most of the funding will go to actual activity related areas.

Appendix C.2

Table C-1 Step 1, page 23: Based on our review of the two-step screening process, we recommend that Step 1 be simplified to minimize the workload to State staff and provide a clear threshold for Step 2. We suggest a streamlined Step 1 consisting of a broader evaluation of the overall program and a less detailed evaluation of individual projects. This could be accomplished by removing the following evaluation criteria under Step 1: Description of Project or Projects, Cost Estimate, Project Prioritization, Need, Disadvantaged Communities and Program Preferences. In addition, if the intent of a regional submittal is to streamline the project implementation process and provide more autonomy to regional agencies to implement important projects defined in a high scoring integrated regional plan, then detailed administrative oversight by State staff under a two-step process of each project under duplicative evaluation categories is unnecessary. We recommend that the scoring and use of points under Step 2 focus on the total program as a sum of the individual projects. Upon acceptance under Step 1, the grant applicant would supply a priority list of projects of the integrated plan. We recommend that Step 2 should be only a screening by State staff of project readiness for implementation, feasibility, and individual project merits only as part of the plan. The total program merit should be evaluated under Step 1 and in accordance with the objectives of the overall IRWM plan.

We would encourage the use of pass/fail for many of the requirements in Step 1, which will limit the need for detailed review and increase the opportunity for spending time on the proposals of merit. These areas include the following:

- Implementation: This will be evaluated in Step 2; passing indicates that it can be implemented.
- Schedule: This will be further evaluated in Step 2, but if all projects are described to be completed by the deadline, they pass.
- Technical Analysis and Performance: This area should focus on the performance measures the program proposes to accomplish. This should be a strong differentiator; not just will they collect data on performance, but what performance are they proposing to deliver. Performance equals value.

- Data Management: This will be difficult to truly evaluate until the projects are understood and should be evaluated in Step 2, but if the questions are answered, they pass.
- Water Management Strategies and Integration should be increased to a weighting factor of 3; this is the heart of the plan and program proposal.
- Local match should be evaluated as indicated for Step 2. There is no reason to lead someone along and have them not have adequate match to make a high value proposal.
- Summary project descriptions should be evaluated in Step 1. Adequate detail is necessary to ensure they meet the goals and contribute to the metrics proposed for the proposal. As mentioned earlier, detailed review of projects should occur in Step 2.

Eligible Projects

Appendix C.2 Evaluation Criteria, page 23: We recommend that further explanation be provided that a suite or series of priority projects is being requested from the grant applicant (see our earlier general comments). The regional agency grant applicant would be expected to serve as the grantee service manager for a region to assist the State in administering all contracts with the subcontractors in a region that are responsible for proposed projects. As a regional agency or grantee service manager, contractor-subcontractor relationship and agreements can be formed for project implementation. A separate application contract for each project proposed by a regional agency under Step 1 is not efficient and is not recommended. The efficiencies demonstrated in Prop 13 SCIWP take great advantage of the ability to streamline these agreements and efficiently implement and manage them.

We recommend more clarity on whether projects other than construction projects can be included. Section III C Bullet 1, 11 & 12, page 8 seems to imply that water conservation programs, watershed management planning, and multipurpose flood control planning are eligible under the Implementation Grant program. If they are, most of the evaluation criteria defined under Step 2 is not applicable. We recommend additional sentences in this section to clarify the steps.

Appendix C. 3

Under Step 2, we recommend revising the weighting factor of all categories to 1 with exception of Work Plan and Program Preferences categories which can be raised to 3. We recommend significant revisions to the following Step 2 evaluation criteria categories:

- Schedule
- Other Expected Project Benefits
- Scientific and Technical Adequacy

Item E - Schedule, page 29: We suggest that the State request submittal of actual project schedules. Not all projects have all the steps listed and many have other significant phases, tasks, and subtasks.

Item I - Other Expected Project Benefits, page 29: The name of this evaluation criteria category should remain consistent between the description on page 29 and the Table C-2, Environmental and Other Multiple Benefits. The focus should be to provide points on the total program that provides multiple benefits and not inappropriately overemphasizing environmental enhancement. Describing “expected benefits” indicates something one hopes to achieve. We recommend this be “Promised Benefits” or at least “proposed benefits”; otherwise it does not provide anything that can be substantiated. This is another area where it would be useful to begin looking for performance metrics as benefits rather than specifications.

Item J - Scientific and Technical Adequacy, page 30: This category appears vague and seems to provide more points to subjective parameters rather than objective parameters. How will the State make these evaluations on projects that are particularly complex such as groundwater remediation technology? We recommend only summarizing and “providing upon request” the other studies and reports. For most comprehensive plans, there are many extensive reports and plans that are interdependent. If needed, it would be advisable to require them in electronic format.

Based on our experience with Prop 13 funding, the requirement for drawings and specifications for State staff review is an unnecessarily burdensome time commitment to State staff and in the case of Prop 13 administration, it was dropped as a requirement by State staff. Further, this category requires copies of detailed designs and specifications when the intent of some of the funding being requested from the State may be requested to pay for final project designs, specifications and project construction documents, all of which are eligible costs as defined under Appendix D, Definitions, Eligible Costs.

We recommend a focus on feasibility and performance and then not seek “Adequacy,” but “Excellence”. Rather than attempt to pass judgment on specific design review for scientific and technical adequacy, ask for performance-based metrics for the proposal; for example, acre feet of dry year yield, acres of habitat created, acre feet of water treated to remove a contaminant, and acre feet of recycled water produced; then the individual technical ability can be evaluated to contribute to the plan. Further, within the program or project closeout process, require that the funding agency provide reporting on how the performance metrics were met or exceeded by the projects and program in total. Adding this expectation will help convince applicants of the reality of reaching the performance metrics and allow the State an easier way to provide reporting to the Legislature and public on what was accomplished with the funding.

Eligible Costs

Appendix D, page 32: We recommend that the program management and project management costs by the project applicant associated with implementation be specifically included as eligible costs. These costs are currently considered eligible costs under other State grant programs and Proposition 13 grant programs, and provide high value and assistance to the State. We also recommend that any costs associated with monitoring, assessment and performance measures be defined as eligible costs. The total costs for non-construction efforts should be limited. Our experience in Prop 13 funded programs is that a limit of 2% afforded more than sufficient funding to efficiently manage the program.

We believe the State staff has done an excellent job pulling together a broad variety of laws and other processes to compile these guidelines. With modifications, the guidelines will craft a fine program that will set the bar for future funding programs and provide innumerable benefits to all Californians.

If you have any questions regarding the comments and suggestions provided, please let us know.

Sincerely,

Santa Ana Watershed Project Authority

Daniel B. Cozad
Acting General Manager

DBC/dm